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PROPOSED AMENDMENT

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AZ CORP COMMISSION

Company Generic Investigation - Competition - Provision of Agenda No. U-1000 8 9 26 AM '96  
Electric Services

Docket No. U-0000-94-165 Open Meeting Date 10-9-98 DOCUMENT CONTROL

Proposed By Commissioner Carl J. Kunasek

Proposed Order:

Page 2. DELETE lines 3-4, and INSERT: "on this matter in Phoenix, Tucson, Kingman, Flagstaff and Yuma, Arizona on December 2, 3, 4, 9 and 10, or as soon thereafter as practicable."

Page 7, INSERT after "willing sellers.":

- "D. A working group to develop recommendations for the analysis and recovery of Stranded Cost shall be established.
1. The working group shall commence activities within 15 days of the date of adoption of this Article.
  2. Members of the working group shall include representatives of Staff, the Residential Utility Consumers Office, consumers, utilities, and other Electric Service Providers. In addition, the Executive and Legislative Branches shall be invited to send representatives to be members of the working group.
  3. The working group shall be coordinated by the Director of the Utilities Division of the Commission or by his or her designee.
- E. In developing its recommendations, the working group shall consider at least the following factors:
1. The impact of Stranded Cost recovery on the effectiveness of competition.
  2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market.
  3. The impact, if any, on the Affected Utility's ability to meet debt obligations.
  4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market.
  5. The degree to which the Affected Utility has mitigated or offset Stranded cost.
  6. The degree to which some assets have values in excess of their book values.
  7. Appropriate treatment of negative Stranded Cost.
  8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period.
  9. The ease of determining the amount of Stranded Cost.

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C.F.

10. The applicability of Stranded Cost to interruptible customers.
  11. The amount of electricity generated by renewable generating resources owned by the Affected Utility.
- F. The working group shall submit to the Commission a report on the activities and recommendations of the working no later than 90 days prior to the date indicated in R14-2-1602.
- G. The Commission shall consider the recommendations and decide what actions, if any, to take based on the recommendations."

Page 8, DELETE R14-2-1607.D through I.

Page 12, R14-2-1613.J.1.c., after "consumers," INSERT: "the Residential Utility Consumers Office,".

Page 12, R14-2-1613.J.1.c., after "efficiency." INSERT: "In addition, the Executive and Legislative Branches shall be invited to send representatives to be members of the working group."

Page 14, INSERT:

**"R14-2-1616. Legal Issues**

- "A. A working group to identify, analyze and provide recommendations to the Commission on legal issues relevant to this Article shall be established.
1. The working group shall commence activities within 15 days of the date of adoption of this Article.
  2. Members of the working group shall include representatives of Staff, utilities, and other Electric Service Providers. In addition, the Executive and Legislative Branches, and the Attorney General, shall be invited to send representatives to be members of the working group.
  3. The working group shall be coordinated by the Director of the Legal Division of the Commission or by his or her designee.
- B. The working group shall submit to the Commission a report on the activities and recommendations of the working no later than 90 days prior to the date indicated in R14-2-1602.
- C. The Commission shall consider the recommendations and decide what actions, if any, to take based on the recommendations."